

December 16, 1951

MEMORANDUM: SVOC Claims against Old CAT.

(1) Tanker 7 Claim for \$57,000.

This claim is for aviation gasoline shipped by SVOC to Tsingtao for delivery to CAT for use in the Tsingtao-Taiwan airlift in the spring of 1949. This shipment was prepaid by CAT under the special arrangements between the airline companies and the oil companies governing the supply of gasoline for the airlift. It was expressly stipulated, however, by SVOC that the gasoline should remain SVOC's property until delivered into CAT's aircraft. Tsingtao fell to the Communists before this gasoline could be delivered and the gasoline was ultimately seized by the Chinese Communist authorities.

Old CAT has always rejected this claim on the established legal principle that risk follows title, and title had remained in SVOC at SVOC's insistence. SVOC had insisted on retaining title principally because it did not wish to have in its Tsingtao installation any gasoline belonging to the notoriously "hostile" CAT airline. When the Communists took the city CAT realized on this claim by subsequently offsetting it against an SVOC bill for later CAT purchases of PCL.

SVOC has continued to assert a claim in a half-hearted manner ever since but has taken no steps to collect it and the responsible officers of old CAT are satisfied that SVOC never will.

(2) Unidentified Tsingtao Claim for \$14,290.94

Old CAT is unable to identify this claim and believes that it must relate to some item in connection with the Tsingtao airlift supply which has already been paid and settled. Late in the summer of 1949 there was a general settlement of the Tsingtao account with SVOC (except for the \$57,000 claim referred to above).